



Legislative Fiscal Bureau

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March 14, 2012

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request Related to Wolf Damage Payments --
Agenda Item I

REQUEST

The Department of Natural Resources (DNR) requests approval to transfer \$125,600 in general purpose revenue (GPR) from a Water Division appropriation relating to watershed management operations to an endangered resources operations appropriation to be used for payments for damage caused by wolves.

BACKGROUND

Section 71.10(5)(a)(2) of the statutes defines the activities of the DNR endangered resources program as including “providing for wildlife damage control or the payment of claims for damage associated with endangered or threatened species”. Further, s. 71.10(5)(am) specifies that damage caused by gray wolves remains eligible for control and damage payments under the endangered resources program, regardless of whether gray wolves are listed as an endangered or threatened species (Wisconsin delisted the gray wolf in 2004, and as of January 27, 2012, the gray wolf is no longer a federally endangered species in Wisconsin and other parts of the western Great Lakes region). As a result, DNR pays wildlife damage claims for damage associated with endangered species, primarily damage associated with wolves, from certain GPR appropriations and the endangered resources account of the segregated (SEG) conservation fund.

The endangered resources account is supported by two main sources of revenue, a voluntary income tax check-off program and sales of endangered resources license plates (depicting a wolf or a badger). These revenues are deposited in an endangered resources SEG appropriation. Although DNR may expend all monies received from these sources, the appropriation language requires that 3% of these revenues (from license plates and check-off donations) in any fiscal year, not to exceed \$100,000, be allocated for wildlife damage control

and claims payments. In fiscal year 2010-11, these revenues totaled approximately \$689,000 (\$310,000 from the income tax check-off and \$379,000 from license plates). In addition, check off revenues and other donations are statutorily matched up to \$500,000 annually from a GPR appropriation. DNR may also use this appropriation to pay damage claims.

ANALYSIS

Over the last several years, endangered resources wildlife damage payments to landowners have primarily been made for damage caused by wolves. These include payments for depredation of livestock (primarily cattle), hunting dogs, or pet dogs, including veterinarian bills. Damage claims paid by the Department for damage caused by wolves have increased from a total of approximately \$106,000 in fiscal year 2008-09 to \$186,500 in fiscal year 2010-11 (fiscal year 2008-09 also included an additional \$11,600 in payments for damage caused by osprey). Table 1 shows wolf depredation payments by type of damage claim from fiscal year 2009-10 through 2011-12 claims to date. The 2011-12 claims increase is primarily related to a large number of missing calves on two farms.

TABLE 1

**Wolf Damage Payments
Fiscal Years 2009-10 Through 2011-12 By Type of Claim**

	2010		2011		2012 to date	
	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>
Calves	\$33,774	44	\$21,685	27	\$39,307	50
Missing Calves	17,500	19	28,050	28	196,846	263
Cattle	8,400	6	29,375	17	12,281	11
Cow Vet	46	1	0	0	415	2
Cattle Subtotal	\$59,720	70	\$79,110	72	\$248,849	326
Hounds	\$51,275	23	\$44,500	18	\$45,500	19
Hound Vet	4,542	5	2,288	5	2,840	4
Pet Dogs	7,386	6	3,980	5	0	0
Pet Vet	8,319	11	255	3	401	2
Dog Subtotal	\$71,522	45	\$51,023	31	\$48,741	25
Deer	\$0	0	\$55,000	6	\$20,000	2
Sheep	360	2	1,225	6	8,850	43
Horse/Donkey	1,200	2	0	0	2,000	1
Llama	0	0	0	0	500	1
Goat	0	0	150	1	1,975	11
Other Subtotal	\$1,560	4	\$56,375	13	\$33,325	58
Total	\$132,802	119	\$186,508	116	\$330,915	409

In fiscal year 2011-12 to date, DNR has paid claims totaling \$189,300. Further, an additional \$140,500 in claims has been processed and \$1,100 in claims is currently pending, for a total of \$330,900 in claims for fiscal year 2011-12 through February, 2012. Based on previous

year's claims, the Department estimates that wolf depredation claim payments could be expected to total approximately \$340,000 for fiscal year 2011-12.

Of the \$189,300 in claims paid to date, \$167,500 was paid from the endangered resources (ER) GPR match appropriation, \$11,200 was paid from a one-time federal livestock demonstration grant, and \$10,600 was paid from endangered resources SEG donations as shown in Table 2. Assuming revenues are consistent with the past several years, the 3% provision would be expected to result in a minimum allocation of approximately \$20,400 for wildlife damage payments from the SEG donations appropriation. As \$10,600 has already been paid from this appropriation, this would leave \$9,800 yet to be expended from the SEG appropriation for wildlife damage payments. The initial DNR request was for a transfer of \$125,600; however, an additional \$6,200 in expenditures would need to be made to pay the total \$330,900 in claims approved for fiscal year 2011-12 through February, 2012. The Department indicates that under its request, DNR would pay the remaining \$6,200 from the SEG donations appropriation. An alternative would be to increase the GPR transfer to \$131,800 GPR to pay the approved claims (Alternative 2).

TABLE 2
Wolf Damage Payments
Fiscal Years 2009-10 through 2011-12 by Funding Source

<u>Appropriation</u>	<u>Funding Source</u>	<u>2009-10</u>	<u>2010-11</u>	2011-12	2011-12 Estimated Expenditures		
				<u>Expended To Date</u>	<u>Request</u>	<u>Alt 2</u>	<u>Alt 3</u>
ER Donations	SEG	\$400	\$0	\$10,600	\$26,600	\$20,400	\$20,400
ER Match	GPR	132,400	127,700	167,500	167,500	167,500	167,500
Federal Operations	FED	0	58,800	11,200	11,200	11,200	11,200
ER Operations	GPR	<u>0</u>	<u>0</u>	<u>0</u>	<u>125,600</u>	<u>131,800</u>	<u>140,900</u>
Total		\$132,800	\$186,500	\$189,300	\$330,900	\$330,900	\$340,000

Under the request, the Committee could transfer \$125,600 from a Water Division GPR appropriation relating to watershed management operations to a GPR endangered resources operations appropriation for the payment of currently approved wildlife damage claims. Currently, the watershed management subprogram of the appropriation has 26.0 vacancies out of 122.03 authorized positions. Approximately one-fourth of these vacant positions have been vacant for a year or more. Expenditure authority of approximately \$160,000 per month is currently available in the subprogram related to the salary and fringe benefits for these vacant positions. Another alternative could be to transfer \$140,900 from the GPR watershed management appropriation to the GPR endangered resources operation appropriation in order to pay anticipated total wolf damage claims of \$340,000 (Alternative 3). The Department indicates sufficient watershed management GPR would be available to allow an increased GPR transfer under either Alternative 2 or 3.

If the request is denied, DNR indicates that the Department would not prorate the 2011-12 wolf damage claims. To pay the remaining 2011-12 wolf damage claims, DNR would use existing endangered resources funds, primarily the SEG donations appropriation. While the

appropriation language caps the allocation for wildlife damage payments from annual license plate and check-off revenues at \$100,000; Department staff indicate they could use some revenue from the continuing balance in the appropriation from prior fiscal years to pay damage claims. The appropriation had an opening balance of approximately \$543,000 on July 1, 2011, and the Department indicates this was due primarily to increased available federal funds for endangered resources habitat work in fiscal years 2009-10 and 2010-11. However, DNR indicates that less federal funding is currently available for endangered resources activities, and that any additional payments for wolf damage claims would result in less money available for endangered and threatened species research and surveys, habitat restoration, and maintenance projects.

In addition, the Department could utilize the GPR match appropriation to pay additional wildlife damage claims. However, to date, DNR has expended \$167,500 from this appropriation for damage claim payments and has a remaining balance of approximately \$39,000 allocated for supplies and services which the Department indicates is expected to be utilized for general endangered resources habitat work, rather than damage claim payments.

If claims were to continue to be received at a similar rate, DNR might prorate payments in future fiscal years. However, with the de-listing of the gray wolf in Wisconsin as a federally endangered species, the Department expects the number of claims to decrease as methods to prevent wolf damage become available to landowners who had previously requested wolf damage payments. Options include issuing permits to certain landowners in high-risk depredation areas to shoot any wolf on their land and trapping of nuisance animals. It should also be noted that, under SB 411, as passed by the Senate, as long as wolves were not listed on the U.S. list of endangered and threatened species, or the Wisconsin list of endangered and threatened species, wolf damage payments would be made from revenues from wolf hunting licenses and application fees, rather than from endangered resources program appropriations.

ALTERNATIVES

1. Approve the request to transfer \$125,600 GPR from the Water Division appropriation relating to watershed management [20.370(4)(ma)] to an endangered resources operations appropriation [20.370(1)(fb)] for the payment of 2011-12 wolf damage claims approved through February, 2012.

2. Transfer \$131,800 GPR from the Water Division appropriation relating to watershed management to an endangered resources operations appropriation for the payment of 2011-12 wolf damage claims approved through February, 2012.

3. Transfer \$140,900 GPR from the Water Division appropriation relating to watershed management to an endangered resources operations appropriation for the payment of anticipated 2011-12 wolf damage claims.

4. Deny the request. DNR would be expected to make the remaining wolf depredation claim payments from existing endangered resources funds (most likely endangered resources SEG).

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